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November 12, 2001

Ms. Gloria Blue
Executive Secretary TPSC
Office of the United States Trade Representative
600 17th Street NW
Washington D.C. 20508

Re: Comments on Potential Action Under Section 203 of the Trade Act of 1974 with Regard to Imports of Certain Steel – Request for Exclusion of **Certain Hardened Tool Steel Bars and Blanks (of High-Speed Steel)** from Import Relief

Dear Ms. Blue:

This letter is submitted on behalf of Nachi America Inc. (“Nachi”) in response to the notice (the “Notice”) issued by the United States Trade Representative (“USTR”) and published in the Federal Register on October 26, 2001, requesting comments on what action the President should take under section 203 of the Trade Act of 1974 (the “Trade Act”) to facilitate efforts by the domestic industries producing certain steel products to make a positive adjustment to import competition and provide greater economic and social benefits than costs.

Nachi as an importer of the product described below (the “Product”) respectfully requests that the Product be excluded from any and all import relief that the President may impose under section 203 of the Trade Act.

Product for Which Exclusion is Requested

Nachi requests that **Certain Hardened Tool Steel Bars and Blanks (of High-Speed Steel)** produced by Nachi-Fujikoshi Corporation (“NFC”), Nachi’s Japanese parent company, be excluded from any import relief granted by the President. The information provided below in support of this request is in response to the specific requirements set forth in the Notice.

Notice Request (a) The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which the product enters the United States.

Response: The Product is generally known as **Hardened Tool Steel Bars and Blanks (of High-Speed Steel)**. The material grades for the Product are: M2 (ASTM), M7 (ASTM), M33 (ASTM), M42 (ASTM) and FAX40D (NFC’s original

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grade). The Product is imported under HTS No. 7228100030, a classification that includes a variety of other non-competing products.

Notice Request (b) A description of the product based on physical characteristics (*e.g.*, chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought.

Response: Hardened Steel Bars and Blanks (of High-Speed Steel) for which exclusion is requested are those that meet all of the following characteristics:

(1) Dimensions:

Round bars with cross sectional diameters ranging from 0.2 mm (0.0078 inches) to 13.0 mm (0.5118 inches) with lengths ranging from 15.0 mm (0.5905 inches) to 2000 mm (78.7402 inches).

(2) Chemical Composition:

Carbon (C) content: 0.80 to 1.35 percent by weight
Tungsten (W) content: 1.25 to 10.0 percent by weight
Molybdenum (Mo) content: 3.0 to 9.5 percent by weight
Chromium (Cr) content: 3.5 to 4.5 percent by weight
Vanadium (V) content: 0.95 to 3.2 percent by weight
Cobalt (Co) content: 0.0 to 10.0 percent by weight

(3) Hardness

Between 55 and 70 Rockwell C hardness

(4) Straightness

The Product meets straightness specifications, such as 0.012" TIR or 0.035" TIR in accordance with the American standard NAS907D and ANSI.

(5) Surface Quality

Bright finish or unground finish.

Notice Request (c) The basis for requesting an exclusion.

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Response: The Product is produced by continuous hardened and tempered technology specifically developed by NFC for high speed steel. This technology is NFC's proprietary trade secret and, to the best of Nachi's knowledge, there is neither current U.S. production of the Product nor plans by any industry in the U.S. to commence production of the Product. Accordingly, there is no need to "facilitate efforts by a domestic industry to make a positive adjustment to import competition" within the meaning of section 203(a)(1)(A) of the Trade Act. Moreover, under these circumstances, there would be no "economic or social benefits" from the imposition of trade restraints relating to the Product. On the contrary, there would be only a negative impact on U.S. consumers of the Product, a factor which must be taken into consideration under section 203(a)(2)(F)(ii) of the Trade Act. In short, the only consequences of any action by the President under section 203 of the Trade Act in connection with the Product would be to add an economic burden to U.S. interests, both in terms of administrative costs and the impact on U.S. consumers.

Notice Request (d) The names and locations of any producers, in the United States and foreign countries, of the product.

Response: The only producer of the Product is NFC, a Japanese company. Nachi is the only importer of the Product.

Notice Request (e) Total U.S. consumption of the product, if any, by quantity and value for each year from 1996 to 2000, and projected annual consumption for each year from 2001 to 2005, with an explanation of the basis for the projection.

Response

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Actual Consumption*					
Quantity (Short Ton)	48	65	98	176	149
Value (\$)	confidential	confidential	confidential	confidential	confidential
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Projected Consumption**					
Quantity (Short Ton)	128	130	130	130	130
Value (\$)	confidential	confidential	confidential	confidential	confidential

* Based on sales in the United States by Nachi. As there was no U.S. production or other foreign production, Nachi believes that its U.S. sales constituted total consumption in the U.S.

** Based on Nachi's forecast.

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Notice Request (f) Total U.S. production of the product for each year from 1996 to 2000, if any.

Response

None.

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
U.S. Production					
Quantity (Short Ton)	-0-	-0-	-0-	-0-	-0-
Value (\$)	-0-	-0-	-0-	-0-	-0-

Notice Request (g) The identity of any U.S.-produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute.

Response: There is no substitute product.

In closing, it bears repeating that the Product for which exclusion is requested is only available through importation from the only producer in the world, which is a Japanese company. There is no substitute product. Under these circumstance, there is no need and there can be no justification for imposition of trade restraints on the Product.

Very truly yours,

Roger L. Selfe
Counsel for Nachi America Inc.

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